

What's the Goal?

**Brazil's Response to Hosting the
World Cup and Olympics**

Undergraduate Honors Thesis
Sanford School of Public Policy
Duke University
Durham, NC

December 2013
Dana Kraushar

Acknowledgements

To everyone who has helped me with this project in any way – my parents and sister for their pick-me-ups (figurative and literal), friends for bearing my whining, thesis companions because misery loves company. Judith Kelly for her encouragement, Fernando Fernholz for his support, Emily Sparevo for her feedback, Duke librarians for their perseverance, Ken Rogerson for 11th hour help with the content analysis. Duke SSRI's Scott Clifford for his help with the survey, everyone who took that survey and forwarded it along (I will never again ignore others' pleas to answer theirs). And most of all, to all the wonderfully skeptical Brazilians who took the time to show an unsuspecting American tourist what she wasn't seeing in December 2012.

Table of Contents

Section 1	Introduction	p. 4
Section 2	Historical context and theoretical explanations	p. 7
Section 3	General rationales for hosting: host experiences	p. 11
	Economic boost	p. 11
	Infrastructural legacy.....	p. 15
	Intangible benefits.....	p. 17
Section 4	BRIC differences.....	p. 19
Section 5	Predictions for Brazil.....	p. 21
Section 6	Methodology.....	p. 23
Section 7	Brazil's experience.....	p. 29
	Stated reasons for hosting.....	p. 27
	Bidding process.....	p. 27
	Spending and construction.....	p. 28
Section 8	Brazilians' perception of intangible benefits	p. 35
	Survey results	p. 35
	Content analysis: public discourse in letters to the editor.....	p. 41
Section 9	Conclusions and recommendations	p. 45
	<i>Bibliography</i>	p. 47
	<i>Appendix A: Questionnaire</i>	p. 51

Section 1: Introduction

Brazil will be the first country to host consecutively the two largest international sporting events: the World Cup in 2014 and the Rio de Janeiro Summer Olympics in 2016. Since the first bid was awarded to Brazil in 2007, hosting the games has provoked both excitement and criticism domestically. On the one hand, winning the bids seemed to cement the country's position as a world power and economic player, and Brazilians showed their support by celebrating in the streets. But the games have also drawn public censure, as Brazil continues to grapple with poor social services, economic inequality, and urban blight—even as dips into public coffers to invest in lavish new stadia. In June 2013, thousands of Brazilians took to the streets to protest a raise in bus fares. But this action was more than a demonstration against higher transportation costs; rather, citizens were objecting to the duplicity of a government eager to spend billions for sporting events while neglecting its most basic public policy obligations.

If Brazil already faced daunting tasks in improving its public programs and increasing development, why did it eagerly vie to take on the additional burdens of hosting the two largest sporting events in the world? A review of the promises made by organizing committees and governments, as well as theoretical economic and sociological explanations, illuminates why, in general, countries compete for sport mega-events despite their high costs, and why Brazil in particular bade to host these mega-events. I argue that Brazil's justifications for hosting follow three general rationales: first, countries consistently claim that these events will increase employment opportunities and foreign investment, boosting the overall economy. Secondly, they declare that hosting a mega-event provides an impetus to construct necessary infrastructure and improve

transportation—projects that will be useful to residents long past the event. And third, they assert that their citizens value certain intangible aspects of hosting these events—for example, the status afforded by joining an elite group of Olympic cities, feelings of national unity inspired by communal spectacle, and for Brazil specifically, the pride of hosting the flagship soccer event in the home of *jogo bonito*—the “beautiful game.”

In this paper, I focus on evaluating the third claim: that Brazilians value the abstract benefits of hosting mega-events. Underlying this analysis is the notion that the perceived benefits must justify the opportunity cost of public spending on mega-events at the expense of other projects. I first present the increasingly popular trend of bidding to host mega-events, and outline the theoretical explanations for this phenomenon. I then examine several case studies of countries and cities that hosted the World Cup and Olympics, and evaluate how they fulfilled the three promises of event hosting (economic, infrastructural, and intangible benefits). I show that nearly every host nation has underestimated the costs and overestimated the benefits of hosting and most have failed to spur necessary infrastructure projects. It is less apparent whether or not citizens indeed experience a feel-good effect from their country hosting a mega-event, so these intangible benefits are the linchpin that may effectively determine the event’s value. The cost-benefit analysis is somewhat different for developing countries, however, and I discuss the unique challenges and opportunities that those nations face in hosting mega-events.

The theoretical explanations and historical experiences, together with background information about Brazil, allow me to propose a set of expectations for how it will fare hosting the 2014 World Cup and 2016 Olympics. An overview of Brazil’s preparations thus far supports my hypothesis that Brazil will experience neither an economic windfall nor an

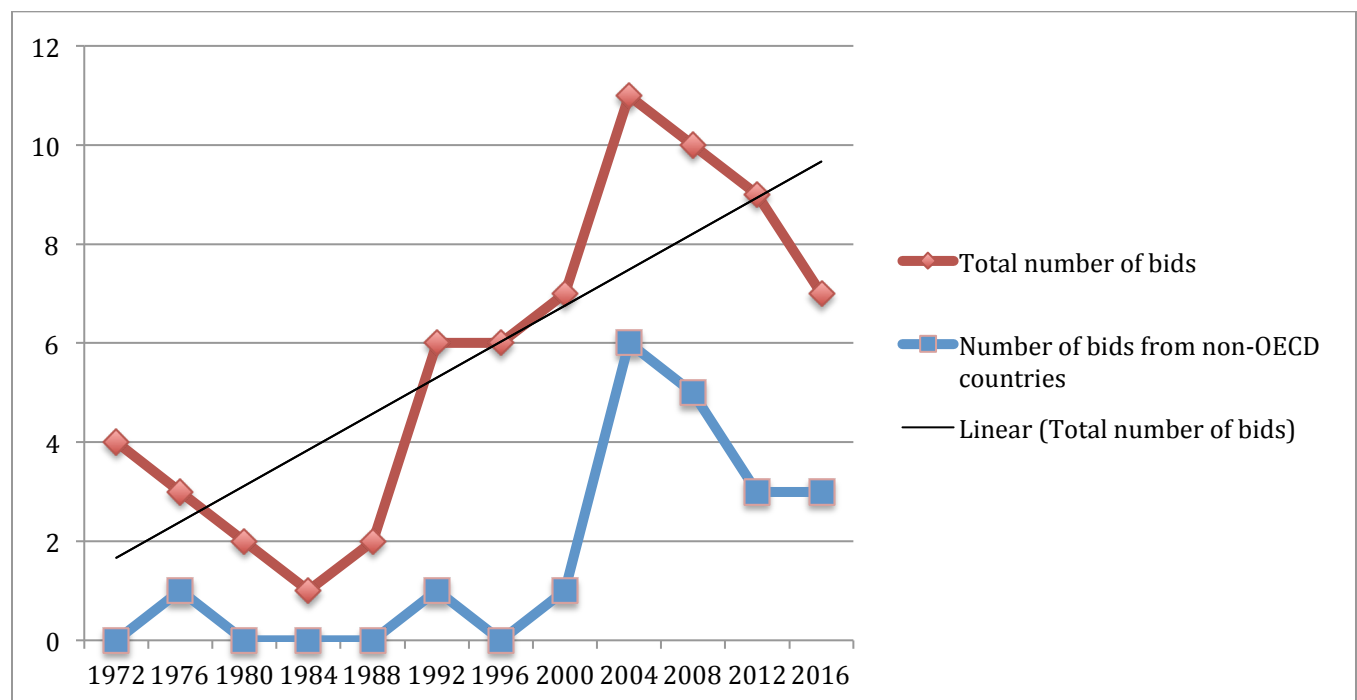
infrastructural legacy from hosting. Lastly, I address the claim that Brazilian citizens value the intangible benefits highly enough to singlehandedly make hosting these events worthwhile. Original survey data and an analysis of views published in a Brazilian newspaper's letters to the editor support my hypothesis that Brazilians generally do not value hosting the World Cup and Olympics while more pressing social concerns remain unaddressed. Indeed, mega-events' notoriously opaque and corrupt bidding processes allow boosters¹—business interests and politicians with the most to gain from hosting—to claim broad domestic support while forgoing any real democratic input. In this context, it seems plausible that Brazilian boosters overstated the domestic support for hosting these mega-events in order to reap the benefits themselves.

¹ Boyle (1999) defines boosters as local entrepreneurs seeking to market a site in order to attract global capital (p. 68).

Section 2: Historical context and theoretical explanations

In recent years, hosting the World Cup or Olympics has become a desired prize, not just among wealthy countries but also among developing ones. The perceived value of event hosting can be seen in the increased competition among cities or countries to host, especially for the Summer Olympics: whereas only one candidate bid to host the 1984 Olympics, a high of 11 competitors bade for them in 2004. Rio de Janeiro defeated six other candidates to host the 2016 Olympic Games. Figure 1 shows the trend of increasing country competition to host the Olympics, overall and among developing countries (defined here as non-members of the Organisation for Economic Co-Operation and Development, or OECD). Non-OECD countries have submitted more bids roughly proportionally to the total bids.

Figure 1: Bids per Summer Olympic Games, 1972-2016



(Feddersen et. al, 2007, p. 6)

The frenzy for hosting mega-events baffles scholars, most of who agree that the economic costs generally outweigh the benefits. At a bare minimum, hosting these events requires unavoidable and costly preparations to abide by Fédération Internationale de Football Association (FIFA) and the International Olympic Committee's (IOC) stringent guidelines for stadia construction, safety mechanisms and athlete lodging (Baade & Matheson, 2004). Owen (2005) shows that in practice, ex-ante economic impact studies consistently underestimate these costs and exaggerate the benefits of hosting. Organizing committees can publish modest cost estimates because accounting loopholes allow them to record only operating costs while omitting capital costs, which tend to be much larger (Zimbalist, 2011). The competitive auction format (one seller and multiple potential buyers) incentivizes boosters to increase their bids' promises beyond a reasonable level that might have produced a net benefit for locals (Zimbalist, 2013). Others argue that countries and cities produce misleading ex ante economic impact studies because they are often conducted by the boosters, who are biased in favor of hosting (Barclay, 2009), and that those studies may be intentionally deceptive (Horne, 2006). Baade and Matheson (2003) warn that unless Olympic costs are accompanied by long-term infrastructural investments, the games amount to a "fool's gold" for the host city (p. 1). The economic boost from mega-events appears negligible even in the short-term: higher prices and slight dips in unemployment eclipse any stimulus to industries like tourism and telecommunications (Bohlmann & Van Heerden, 2008). Economic benefits also tend to accrue to foreign companies, as well as FIFA and the IOC (which demand a high proportion of the revenues), leaving only a fraction for local residents.

Just as organizing committees and boosters consistently inflate their projections of economic windfall, they also tend to be overly optimistic about stimulating infrastructure projects that will prove useful to residents even after the event. Scholars distinguish practical infrastructural outcomes, like transportation improvements, from structures that will only be used in the short term. Zimbalist (2011) captures economists' concern about constructing "white elephants," which he defines as "facilities built especially for the Games [that] go un- or underutilized after ... while requiring tens of millions of dollars annually to maintain and occupying increasingly scarce real estate" (2011, p. 121). Scholars claim that investing in long-term development projects may be the key to justifying the costs. They praise the 1992 Barcelona Olympics as a rare success story of maximizing long-run public benefits while minimizing short run costs. By investing in urban development, environmental restoration, and civil construction projects, Barcelona transformed itself into a tourist and business destination and continued to reap benefits after the events passed (Brunet, 2005). Similarly, Zhang and Zhao (2007) found that the 2008 Beijing Olympics prompted China to pursue construction projects even outside the host city.

However, other countries become laden with practically useless structures requiring expensive upkeep in the wake of hosting a mega-event. Arenas are especially likely to become white elephants if their intended use does not fit with local tradition; for example, South Korea never had an entrenched soccer culture, so it used the ten new stadia it built for the 2002 World Cup for musical events after the games, substantially under capacity (Matheson & Baade, 2004, p. 15). If structures are built without considering future use, they risk draining local resources rather than contributing to them.

In light of the apparent material irrationality of hosting mega-events, scholars have analyzed the role of the World Cup and Olympics as ideas in the national imagination, rather than hard economic tools. As mentioned previously, the prestige factor (Engerman, 2012) and other non-use values of hosting mega-events will weigh heavily in my analysis of Brazil. But the sentiments that mega-events inspire are not only potential benefits to the local population; this local pride is deliberately cultivated and displayed to the world. Nauright (2004) writes that countries use the “sport-media-tourism complex” as a development strategy, capitalizing on the opportunities to broadcast a country’s achievements through mass media—namely, television (p. 1325). Packaging a local culture for global consumption may be detrimental, as it can emphasize its otherness and perpetuate stereotypes (Nauright, 2004, p. 1328). Local business interests cultivate a city or country’s superficial reputation in order to promote it as a host. According to theories of civic boosterism, city elites use urban propaganda projects like mega-events to mobilize local residents’ support for growth projects, even if they are not in residents’ best interests (Boyle, 1999). In this model, mega-events may function as “bread and circuses” intended to distract a discontented population from its underlying social and economic issues. Hosting mega-events is an opportunity to display a local culture, but also holds risks of oversimplifying complex identities for the sake of place branding and international marketing.

Section 3: General rationales for hosting: host experiences

Economic boost

Empirically, most mega-events have exceeded their original budgets and delivered less of an economic boost than anticipated, if any at all. Flyvbjerg and Stewart (2012) analyzed the costs of all summer and winter Olympic Games from 1960-2012 and found that every single one overran costs, by an average size of 179% (para. 3). I will show the economic results by examining cost overruns and economic indicators among a sample of five events: the 1984 Los Angeles Olympics, 2002 South Korea / Japan World Cup, 2004 Athens Olympics, 2008 Beijing Olympics, and 2010 South Africa World Cup. China and South Africa merit analysis because they resemble Brazil in development levels, whereas South Korea and Japan are similar to Brazil in the size of its economy. I include the Athens Olympics as an example of overspending, and the Los Angeles games as a financial success.

Table 1 shows that with the exception of Los Angeles, which came in under budget and made a small profit, each case spent more than its original bid stated. The size of the cost overruns, however, should be viewed in the context of the size of the host country's economy: Athens' overspending alone amounted to 2.5% of its GDP in 2004 (leading some to blame the Olympics for contributing to its later debt crisis), while China's much larger economy softened the blow of its massive overspending (0.4% of GDP) (World Bank).

Table 1: Predicted and actual costs by country (billions of USD)

Event	Predicted Cost	Actual Cost	Size of Loss ²	Cost Overrun as % of GDP
1984 Los Angeles Olympics	0.448	0.413	-0.035	0.0009
2002 South Korea / Japan World Cup	1.3	6	+4.7	0.1

² Calculated as actual – predicted cost. A negative difference (Los Angeles 1984) indicates the event came in under budget, saving money.

2004 Athens Olympics	6	11.6	+5.6	2.5
2008 Beijing Olympics	24.6	42	+17.4	0.4
2010 South Africa World Cup	0.3	4	+3.7	1.0

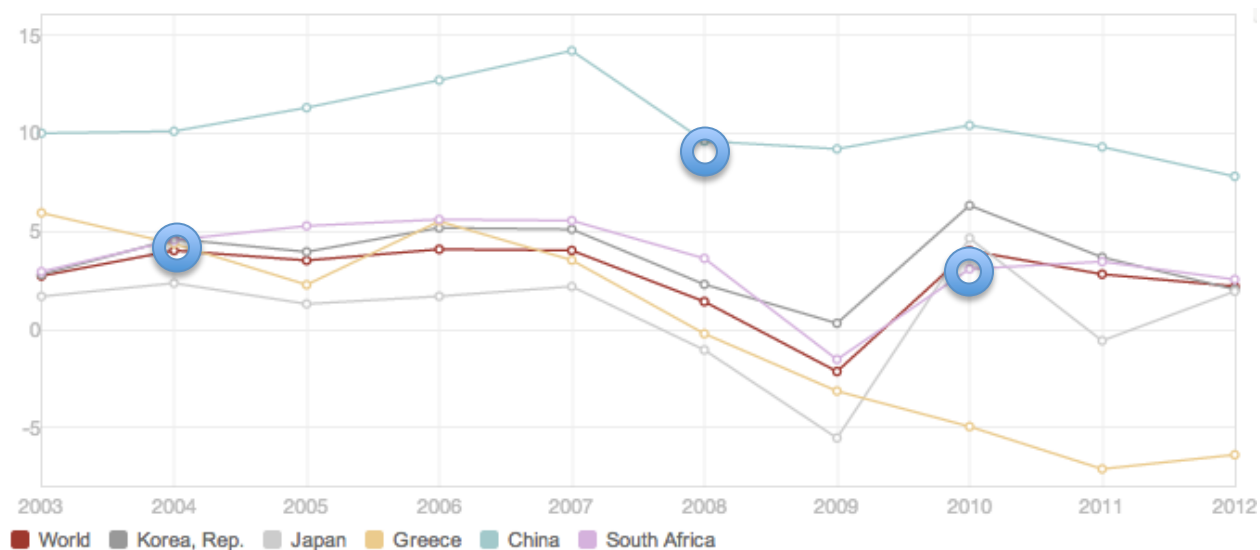
Sources: LA84 Foundation, 2013; Dwinger, 2010; Fowler & Meichtry, 2008; Gatopoulos, 2010; Goldblatt, 2010; World Bank, 2012

As experts expect, the data for these countries in the years prior to and after hosting do not show that it triggers an economic bounce, according to World Bank metrics. GDP growth rates and unemployment, two of the main components of event-related economic promises, seem not to be affected by the events. Japan and South Korea's patterns of growth since 2003 have remained consistent with the world average. China experienced less GDP contraction than the world average in 2008, but also rebounded less forcefully in 2009. Greece's GDP growth has plummeted since hosting in 2004, though that is likely due to its debt crisis, which was not caused entirely by hosting the Olympics. South Africa's GDP grew at 3% in the year it hosted the World Cup, one percentage point behind the world average of 4% growth. The United States' GDP grew faster than the world average when it hosted the 1984 Olympics (7% vs. 5%), but that was true the year before as well, and the trend stopped the following year; the Los Angeles Games probably had little to do with this one way or another since spending constituted only 0.01% of the national GDP in that year, using current USD (World Bank, 2012). It is impossible to isolate the games' direct effect on the respective country's economy, but these data do not support boosters' lofty claims that the Olympics or World Cup are economic bonanzas. At the same time, they also do not show that hosting had disastrous economic consequences (except for Greece), as some fear. Figure 2 charts countries' GDP growth against the world average from 2003-2012.

Figure 2: GDP growth (annual %) among case countries³⁴

³ United States not included because World Bank graphics do not go back to 1984.

⁴ Blue circles in figures 2, 3 and 4 indicate the year that country hosted its respective event.



(World Bank, 2012)

The empirical data also does not support the theory that hosting mega-events improves economic development, as measured by rates of employment and foreign direct investment (FDI) inflow. South Africa was the only country that experience a noticeable increase in employment rates from 2003-2011, but it peaked in 2008, before the events, and actually matched 2005 levels in the year it hosted the World Cup, suggesting that the events had no impact on employment (Figure 3). The data paint a more complicated picture of FDI patterns as measured by net investment inflows as a percentage of GDP. Still, China and South Africa – arguably the two countries with the most to gain from an improved international business reputation – actually saw decreased FDI in the two years leading up to their respective events, and although both have rebounded since, neither have reached levels of investment they enjoyed prior to hosting (Figure 4). Again, none of these data conclusively prove that hosting mega-events causes economic harm, or denies the possibility of some economic boost; rather, it seems that the magnitude of economic benefits is extremely modest compared with projections.

Figure 3: Employment to population ratio, ages 15+ (%) among case countries

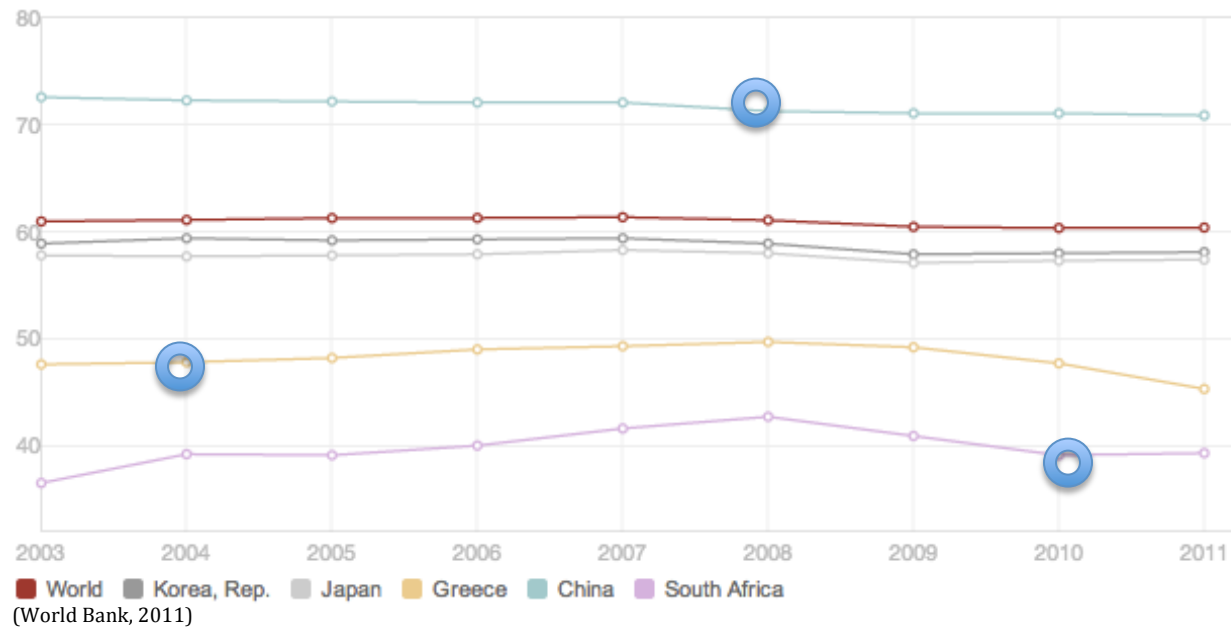
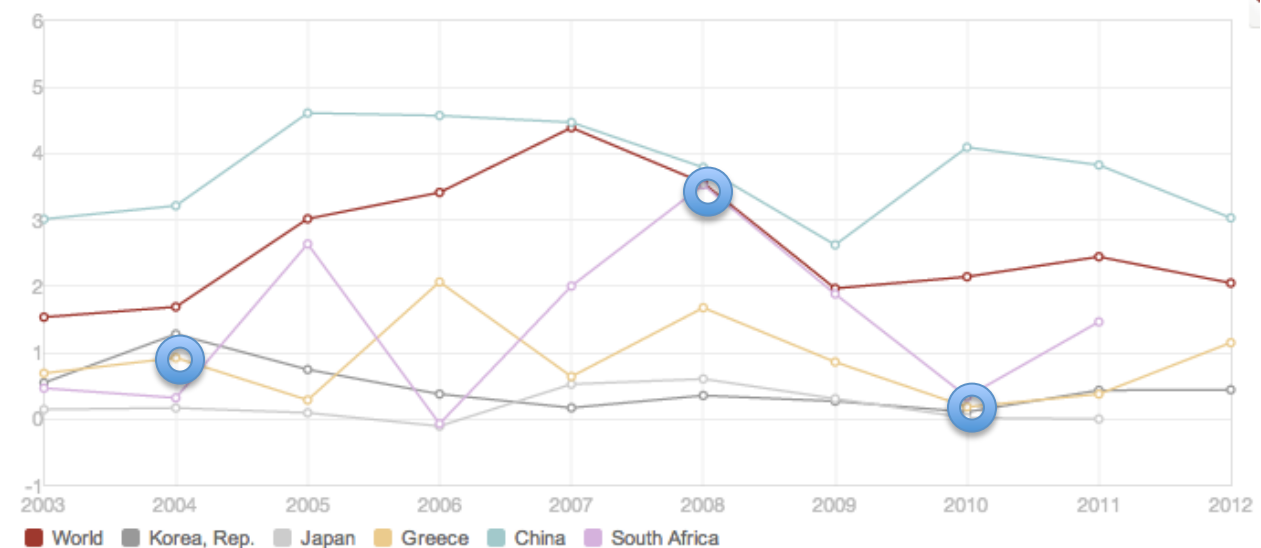


Figure 4: Net inflows of FDI among case countries (% of GDP)



Despite the reasons for skepticism about most claims of economic improvements, Rose and Spiegel (2011) contend that bidding for the Olympics increases a country's trade exports. They found that cities that bade for the Olympics from 1960-2006 experienced a positive, substantial export effect from hosting. They attribute the increases to a strategy of

signaling trade liberalization to international investors. By their estimation, the high costs of hosting are in fact essential to their signaling power: only countries that “sincerely intend to pursue liberalization” will pay the high costs of sending that signal through bidding for an expensive event (p. 655). In this way, competing to host the event serves as a mechanism to identify countries that are serious about opening themselves to the global economy. Controlling for other variables, Rose and Spiegel estimate that countries that have hosted the Olympics export 20% more (p. 659). However, they note that countries that bid unsuccessfully for the event also experienced the export benefits. They determine that countries can signal economic openness merely by competing to host the events; the experience of actually hosting, while costly, does not add much more.

Infrastructural legacy

Among the lofty justifications that countries tout for bidding for the World Cup and Olympics is that they will spur the construction of necessary public works. Building and renovating infrastructure typically constitutes the largest cost of hosting the World Cup and Olympics, and almost always entails public subsidies (Baade, 2006, p. 177). The validity of that claim, however, hinges upon the nature of the capital investment: scholars agree that spending on infrastructure is only worthwhile when it stands to be useful after the games (Owen, 2005). The undesirable alternative is pouring public money into expensive white elephants, like single-purpose stadia that will be underutilized after the events. Hosts may seize or squander the opportunities afforded by mega-events according to how they balance long-term urban planning goals with short-term facility requirements.

Building even the bare minimum of infrastructure necessary to support the games nonetheless requires substantial investments. Many of the costs, like venues for matches,

accommodations for athletes and the media, and telecommunications infrastructure, are unavoidable. FIFA requires that the host country have from eight to ten modern stadiums with 40,000-60,000 seats apiece (Barclay, 2009, p. 62), though they recommend that hosts have at least one stadium that can seat 80,000 (FIFA). In addition, FIFA has strict specifications for stadium parking, media accommodations, disability access, lighting, and more. As a result, organizing committees must invest in new stadia or refurbish old ones to fit these requirements. The IOC also makes high demands of host cities, requiring an Olympic Village with capacity of 15,000, more than 42,000 hotel beds for visitors, and specialized athletic venues to accommodate events for each sport (Preuss, 2004, p. 61).

Some countries do manage to invest wisely in infrastructure projects, resulting in long-lasting legacies for citizens. Scholars hail Barcelona for managing the 1992 Olympics with an eye towards future gains. Brunet (2005) credits Barcelona with keeping operating costs low and investing a high proportion of its budget in projects not directly related to hosting the games: it spent only 9.1% of total investment on sports facilities (p. 7). The city focused its expenditures on urban renewal projects aimed at making the city more livable and attractive for business in the long run; it invested substantially in roads, sewage systems, green spaces, and its waterfront area. Brunet claims that Barcelona's infrastructural improvements boosted business confidence in the city, thereby bringing in private capital and economic interest in the long run, while also independently raising residents' quality of life. Barcelona's investments for the 1992 Games exemplify how hosts can use the impetus of mega-events to push important infrastructure projects that benefit the local population long past the events.

Intangible benefits

Hosting the World Cup or Olympics is thought to bring residents substantial non-pecuniary benefits—enough to make them desirable despite high expenses. Barget and Gouguet (2006) posit that sporting events can increase social cohesion by using mass media to spread “universal values” among citizens (p. 169). Engerman (2012) names municipal pride as one such value, and describes the individual advantages of considering one’s city an Olympic city. Event hosting ostensibly offers a city or country the opportunity to join an elite group of past hosts, and thereby signal its rising prominence. Jinxia and Mangan (2008) assert that China spent enormous sums on the 2008 Beijing Olympics in part to boost national pride and “erase the old memory of a humiliated and subordinated people and [replace] it with a new memory ... of a confident, powerful and respected nation” (p. 2026). They claim that Beijing 2008 emphasized lavish spectacle to compensate for historic exclusion from the sphere of powerful, Western nations (p. 2027).

The intangible facets of event hosting are also thought to have psychological and sociological benefits for the local population. Horne and Manzenreiter (2006) explain that citizens derive utility from the pride of hosting a mega-event, and that doing so can help orient a city or country within the international landscape, especially in periods of flux (p. 1). Waitt (2011) presents a Marxian view of the interplay between mega-events and social dynamics: “spectacle is one mechanism that the local business and political elite can employ to prevent social unrest between high- and low-income stratum” (p. 250). Furthermore, urban propaganda projects can restore feelings of community identity in fractured societies (p. 253).

But the intangible dimension of event hosting may hurt citizens, just as it may benefit them. Local residents’ feelings of social cohesion may drop from the hooliganism

and other nuisances that mega-events tend to bring (Barget and Gouguet, 2006, p. 168). Furthermore, hosts may exploit their own cultural stereotypes, gloss over ethnic differences, and de-historicize certain realities for marketing purposes, as Nauright (2004) claims South Africa did to host the 1995 Rugby World Cup. For example, the games used a song traditionally sung by migrant workers in dangerous mines and featured presentations of indigenous people as what Nauright calls “timeless African ‘natives’” (p. 1327). His concern about “the packaging of an imagined vision of local culture for global consumption” (p. 1328) applies to any country attempting to establish a brand in the international arena.

Section 4: BRIC differences

Countries deemed BRICS – Brazil, Russia, India and China – or semi-periphery nations, have recently begun to compete for and win bids to host the World Cup and Olympics (see Figure 1). Previously, high financial barriers to entry and selection traditions favoring Western European countries deterred developing countries from bidding. Although BRICs have joined the candidate lists alongside wealthy countries, hosting mega-events exposes them to a unique set of risks and possibilities. Baade and Matheson state that the opportunity cost of investment for sporting projects is higher in less-developed countries, as funds dedicated to constructing stadia, for example, could make a bigger impact improving health and education (2004, pp. 14-15). They caution that developing countries also struggle to attract large numbers of fans due to concerns about crime and infrastructure; their existing stadia probably require more refurbishments to meet FIFA or IOC standards; and that even non-sports facilities (like hotels) are more likely to have low occupancy after the events because they receive less tourism (pp. 1092-1093).

On the other hand, BRICs enjoy certain advantages in preparing to host, and have more to gain from FDI and infrastructure development. They tend to have lower construction costs due to cheap labor and high unemployment rates, so in absolute terms, the same infrastructure projects can cost less in semi-periphery countries than in wealthier ones. Because developing countries probably have greater need for infrastructure improvements like better roads and airports, the projects spurred by mega-events can be especially useful to them. They also have greater opportunities to use mega-events as platforms to improve their international image; for example, Jinxia and Mangan (2008) determined that the 2008 Beijing Olympics succeeded in rallying Chinese national pride

and attracting significant foreign media attention. Lastly, many of these countries have deeply entrenched soccer cultures, so they are more likely to continue using World Cup stadia (Baade & Matheson, 2004).

Regardless of these potential benefits, the spectacle of mega-events seems not to satisfy BRIC citizens as a substitute for material improvements. Andreff (2006) expresses doubt that sporting events “make people forget underdevelopment, poverty, hunger and illiteracy” (p. 308). Hosting mega-events in the highly stratified cities often found in semi-periphery countries may also produce undesirable social outcomes. Curi et al. (2011) contend that host cities cordon off “islands of excellence” (p. 152) capable of showcasing their best features while hiding problems, in an effort to present their best image to the world. Islands of excellence produce appearances that can help shatter negative stereotypes about developing countries, but they are unproductive for addressing residents’ true grievances. Additionally, the possibility of exclusively displaying islands of excellence lessens BRICs’ incentives to cultivate broadly based urban development programs for citizens of all socioeconomic classes, thereby defeating a primary advantage of hosting. Developing countries often choose to conceal unpleasant social realities for the sake of image, thereby squandering the impetus to address the very problems that mega-events could have helped improve.

Section 5: Predictions for Brazil

The general theories and specific host experiences presented thus far inform this project's expectations for how the World Cup and Olympics will affect Brazil. Sections 3 and 4 showed that countries rarely experience an economic boost from hosting and tend to abandon infrastructure projects that could have been used by the population in the long run. If host countries nearly universally fail to deliver on their economic and infrastructural promises, it follows that Brazil will fare similarly. Observers should expect Brazil's World Cup and Olympics to yield insignificant economic benefits and to generate infrastructure designed mostly for short-term rather than long-term use.

If mega-events are ineffective development tools, Brazil is unlikely to reap those types of benefits as well. Though Brazil has made impressive progress alleviating poverty and invested heavily in social sector programs, its development level remains relatively low: it ranked 85th out of 187 countries on the United Nations Development Project's Human Development Index in 2012. Despite any improvements, the government's poor public services continue to frustrate Brazilian citizens, whose tax rate is among the highest in Latin America. For example, 78% and 68% of Brazilians reported dissatisfaction with public hospitals and education, respectively, in a 2011 Latinobarómetro poll. If hosting mega-events does not increase development, as argued in Section 4, then Brazil's World Cup and Olympics are also unlikely to provide that apparently much-desired benefit.

Given the odds of disappointment, other advantages must justify the costs of hosting—estimated at US\$13.3 billion for the World Cup and more than US\$15 billion for the Olympics (Boykoff & Gaffney, 2013). If the Brazilian government were aware of the risks, its cost-benefit analysis must have placed a high premium on other benefits for

hosting these events to be rational. The reasons therefore must hinge on the intangible benefits outlined in Section 4: national pride from an improved image abroad, feelings of unity and communal achievement through spectacle, and the satisfaction of inducting Brazil into an elite group of powers.

If Brazilians on net anticipate these intangible benefits, their personal opinions and public discourse should already reflect positive views of hosting. We would expect citizens to express feeling proud of their country, united with other Brazilians, and excited about how the international community will view Brazil. These attitudes should appear in media sources as well as private communication such as survey responses. Without these signs, there is little reason to believe that Brazil will overcome the odds of hosting disappointing events.

Section 6: Methodology

I distributed online surveys to Brazilians in order to gauge the population's attitudes toward hosting the World Cup and Olympics. The survey measures intangible benefits that do not show up in straight cost-benefit accounting but are nonetheless cited by the government as compelling reasons for hosting the events (Section 7 summarizes these statements). Many of the questions directly assess how Brazilians respond to claims made by the organizing committees for the World Cup and Olympics. I include the survey questions in Appendix A.

Scholars have applied economic techniques to measuring sporting events' abstract benefits. Johnson, et al. (2001) paved the way for using contingent valuation methods (CVM) to measure willingness to pay (WTP) for sporting teams within a city. Heyne, et al. (2007) applied CVM to mega-sporting events, surveying Germans before the 2006 World Cup on their WTP to keep the events if it was under threat of changing locations. I modeled my WTP question on theirs. CVM was my only attempt to quantify how much Brazilians value the feel-good effect. The remainder of the questionnaire examines the perceived opportunity cost of hosting the events. I asked respondents which stakeholders they believe benefit relative to the others and to themselves, their views on hosting the events considering the costs, and where they would prefer to see the public money invested (if anywhere). The survey seeks to isolate the personal utility Brazilians may derive from hosting the World Cup or Olympics.

With input from Brazilian and U.S. researchers, I created two surveys with almost identical questions, one about the World Cup and the other about the Olympics. Qualtrics software randomized which survey was displayed to respondents, eliminating selection

bias. Respondents were restricted to Brazilians only; all respondents received an option to take the survey in Portuguese or English. Respondents took the surveys analyzed in this project from September 30, 2013 through November 10, 2013.

It is important to note that all surveys were completed after the June 2013 FIFA Confederations Cup in Brazil (which coincided with and fueled mass protests about the raise in bus fares). Curi noted that the Confederations Cup, a “test run” for the following year’s World Cup, marked a turning point for many Brazilians’ views on the upcoming mega-events, because it made them aware for the first time of the high ticket prices, commercial restrictions, and excessive security ordeals they should expect to repeat in 2014 and 2016 (personal communication, August 21, 2013). He noted that many Brazilians were surprised and aggravated by the extent to which FIFA, rather than Brazilian sports organizations, controlled the Confederations Cup. The survey responses may reflect more negativity towards hosting the World Cup and Olympics because it was offered after the possible public opinion shifts of June 2013.

This project is also limited by having distributed the survey only once, in advance of the World Cup and Olympics, because evidence suggests that citizens’ opinions toward mega-events may change over time. Surveys taken before the games may underestimate how residents value the future non-pecuniary benefits. In their study of Germans’ response to hosting the 2006 World Cup, for example, Heyne et al. (2007) sampled respondents before and after the events, and found that ex-post average WTP was significantly higher than ex-ante. Specifically, levels of positive WTP rose from 20% of Germans before to 42.6% afterward, for an increase of 129% (p. 4). They note that the increase mainly stemmed from individuals who originally reported zero WTP and changed their minds

after the event, rather than from large increases among those who had positive WTP all along (p. 6). Those with lower education levels may be more likely to change their minds because it is difficult for them to evaluate abstract intangibles without experiencing them directly (p. 6). These caveats apply to my survey results as well: as an ex-ante study, this survey may capture more negative views than an ex-post one would, and the findings therefore might be biased pessimistically within a longer timeframe. Still, my project suggests that evaluating an event after it has passed does not necessarily ensure high approval ratings.⁵

The primary sampling method for this survey was snowball sampling, which has the drawback of skewing the responses toward a more educated, upper class group, as these individuals were most apt to be in contact with an American college student. I also promoted my survey on various Brazilian pages of Facebook, Twitter and LinkedIn. Distributing the survey exclusively online also contributed to socioeconomic bias, as poorer respondents are less likely to own or have access to computers to take this survey, even if they were aware of it. I offered \$1.00 on MTurk, a crowdsourcing website, to recruit more respondents, but that method yielded only ten of 102 total responses, thereby failing to correct for the small sample of low-income Brazilians. This skew might have a range of effects, because different socioeconomic groups may be impacted differently from hosting the events, and therefore might respond in distinct ways. It seems reasonable to surmise that high-income Brazilians are most supportive because they could benefit from increased business and tourism, along with lower-class Brazilians on the opposite end of the

⁵ One survey question in this project assessed views on the Confederations Cup. Respondents' ex-post evaluation of that recent event was nonetheless mostly negative: 47% of respondents reported feeling unsatisfied with how Brazil hosted those games, compared to 19% satisfied and 34% with no opinion.

spectrum, as they may be most susceptible to the thrill of spectacle and least critical toward lofty promises. Brazil's middle class, which led the June 2013 protests that denounced spending on mega-events, likely holds the most negative views on hosting. They pay high tax rates, unlike the lowest income groups, but are vulnerable to poor public health and education systems, because they cannot pay for private services like the wealthy can. On net, the overrepresentation of high-income Brazilians (from classes A and B)⁶ in this sample may skew the results in favor of hosting, but perhaps the absence of low-income respondents (from class E) would further drive up approval. Table 2 shows a breakdown of respondent demographics.

Table 2: Demographic overview of respondent pool

Gender	Male: 48% Female: 52%
Age	18-29: 51% 30-45: 33% 45-59: 14% 60+: 2%
Social class (A is highest, E is lowest)	A: 22% B: 44% C: 24% D: 3% Prefer not to say: 5%
Education (highest level achieved)	Primary: 1% Secondary: 5% Tertiary: 64% Masters/PhD: 30%
City of origin (top 4)	São Paulo: 32% Recife: 20% Rio de Janeiro: 12% Belém: 8%

⁶ The Brazilian government classifies citizens into classes A through E according to income levels. Households in Classes A and B are in the highest socioeconomic categories, C and D are middle class, and E are below the poverty line. According to a study by Fundação Getulio Vargas, in 2008 Classes A and B together represented 10.42% of the total population, Class C 49.2%, class D 24.4%, and Class E 16.0%. Monthly total household income (in December 2008 prices) are >R\$4,807 for Classes A and B, R\$1,115-4,807 for Class C, R\$804-1,115 for Class D, and <R\$804 for Class E (Neri & Coutinho de Melo, 2009).

A content analysis of letters to the editor (LTE) offers further insight into the homegrown Brazilian public opinion from the time the bids were awarded for the World Cup and Olympics. Studies show that LTEs tend to accurately reflect public opinion. Nielsen (2010) emphasizes that the section is unique for combining “a classical form of mass publicity with the disagreement and occasional give-and-take of debate” (p. 23). Wahl-Jorgensen (2001) adds that LTE sections, as “mediated sites of public discourse” (p. 303), are curated by editors to reflect private individuals’ thoughts rather than activists’ opinions (p. 311). Letters to the editor are relevant to my project as a rare form of public participation on questions of hosting; only 4% of respondents to this project’s survey reported having had an opportunity to express their opinions on the World Cup or Olympics. This paper’s content analysis attempts to decipher the overall tone and nature of the arguments in that section (LTEs).

This study relied on *Folha de S. Paulo*, a daily newspaper based in São Paulo. *Folha de S. Paulo* is Brazil’s most widely circulated daily newspaper, with an average of 301,299 copies circulated daily in 2012, according to the Brazilian media-auditing firm Instituto Verificador de Circulação. *Folha de S. Paulo* is ideologically left leaning, and its readership consists mostly of the elite and middle classes—A through C by Brazil’s classification (Herscovitz, 2004, p. 72).

Folha de S. Paulo was also a convenient choice of newspaper because it allows users to search within a particular section. I used broad search terms in order to return all potentially relevant content (“Copa” for the World Cup, and “Olímpiadas” for the

Olympics⁷). Google Translate software translated the letters from Portuguese to English. I coded each letter as “supportive” or “critical,” and when the letter-writer’s comments were ambivalent, I classified the letter as “mixed.” I selected relevant LTEs published in a three-month period⁸ surrounding three critical events: FIFA’s selection of Brazil as the 2014 World Cup host on October 31, 2007; the IOC’s selection of Brazil as the 2016 Olympic host on October 2, 2009; and the Confederations Cup that began June 6, 2013. Three-month windows capture the debate leading up to, during, and following these anticipated events.

⁷ “Copa” yielded 513 total letters, many of which were strictly football-related, and “Olimpíadas” yielded 46 total letters. For this reason, I selected two time periods for World Cup-related letters, and only one for Olympic-related ones.

⁸ Six weeks before the event through six weeks after.

Section 7: Brazil's experience

Stated reasons for hosting

Public statements made by the Brazilian Olympic Organizing Committee (BOOC) and the World Cup Local Organizing Committee (LOC) match the three theoretical justifications for hosting mega-events: economic stimulus, infrastructural legacy, and a feel-good effect. In its official Copa 2014 website, the Brazilian federal government enumerates the benefits it expects the World Cup to bring: "For all Brazilians ... a relevant legacy will remain in infrastructure, creation of jobs, income and promotion of the country's image on a global scale" (World Cup Portal). The Rio 2016 Olympic Organizing Committee echoes these reasons, citing the opportunity to bring sustainable development to Brazil through urban infrastructure, environmental and social initiatives, stimulating the economy, bringing in tourism, as well as, "gaining for Brazil a new level of international recognition and enhancing its reputation as a thrilling place, where living, doing business and travelling is an excellent option" (Rio 2016 Organizing Committee website). These claims suggest that Brazilian boosters indeed subscribe to traditional rationales for event hosting, which sets up the framework for testing their actual adherence to these promises in the remainder of this paper.

Bidding process

Bidding to host a mega-event is a notoriously abstruse and undemocratic process. It seemed almost inevitable that Brazil bade for and won the World Cup. FIFA was nearly certain to choose Brazil to host the World Cup due to its rotating continent selection process and weak competition from Argentina and Colombia, the only other South American countries to submit bids. Securing the Olympics was a more impressive feat, as

Rio de Janeiro beat out established cities like Chicago, Madrid and Tokyo. Curi described the mood when Brazil won both events in 2007: winning the World Cup bid was a “dream come true,” while hosting the Olympics brought “symbolic value,” affirming Brazil’s membership in the developed world (personal communication, August 21, 2013).

Brazilian politicians, along with the Brazilian Football Confederation (CBF) and the Rio 2016 Local Organizing Committee, drove the bids and publically displayed their delight at securing the contracts. Upon FIFA’s announcement, CBF president Ricardo Teixeira proclaimed: “we are a civilized nation, a nation that is going through an excellent phase” (Romero, 2013). Former Brazilian President Luiz Inácio Lula da Silva and Mayor of Rio de Janeiro Eduardo Paes shared a spirited embrace at a press conference following the Olympic announcement (Givhan & Shipley, 2009). Celebrations, complete with fireworks and oversized flags, erupted in cities across Brazil as it received the news that they would host the events. Sports scholar Christopher Gaffney explains that soccer has historically served as a unifying force for an ethnically and socioeconomically divided Brazilian population (2008, p. 50-51). Brazil’s celebrations in 2007 and 2009 exemplify the temporary euphoria and distraction achieved by using sport as “bread and circus” for the masses; that is, before the expenditures and broken promises became apparent.

Spending and construction

Leading up to its bid for the World Cup and Olympics, Brazil published conservative cost estimates commonly considered necessary to attain the mega-event. In the official Bid Book submitted to FIFA, CBF estimated the investment in stadium construction and remodeling at US\$1.1 billion, and emphasized the use of private funding sources and private-public partnerships (PPPs) (“Brazil Bid: Inspection Report for the 2014 FIFA World

Cup,” 2007). The Rio 2016 Organizing Committee committed to funding the R\$5.6 billion budget through private sources, but acknowledged that public funding would cover any shortfalls. The LOC also noted that the Brazilian government will be responsible for the R\$23.2 billion cost of “venue and infrastructure works”—a figure that dwarfs the private funding it intends to secure for other facilities. These vaguely defined public projects can range in utility to the Brazilian people, from practical roads, trains and airports, to eventual white elephant stadia. The LOC notably does not specify the cost breakdowns in advance, leaving Brazil vulnerable to typical patterns of infrastructure spending for mega-events: large investments in stadia and small ones in long-term projects.

Brazil has spent enormous sums to meet FIFA and IOC infrastructure expectations by the Games’ arrival, financing projects with private and public funds (as well as hybrid PPPs). However, it appears that construction has focused disproportionately on stadia and ignored long-term development strategies that are a possible benefit of hosting mega-events. Gaffney (2010) notes that Brazil did not have a single FIFA-standard stadium when it bade for the World Cup; it would need 12 by 2014 (p. 21). Private parties and the state government have poured about R\$1 billion into renovating the famous Maracanã stadium in Rio, adding an enormous parking garage, attaching a shopping mall, and installing a roof extension (p. 20). Gaffney states that World Cup stadium construction will cost more than R\$4.35 billion (Table 2), and that construction for the Olympics will be similarly expensive and disruptive to the communities around the Olympic Village (p.18). As expected, the government has neglected flagship projects that could have produced greater legacies than stadia, and were major selling points for hosting. In August 2013, the Brazilian government for the third time delayed plans for an ambitious bullet train to link São Paulo with Rio de

Janeiro by the 2016 Olympics (Trevisani & Winterstein, 2013). Gaffney questions whether other events-related projects “are targeting the chronic problems of Rio de Janeiro,” (p.25); in other words, whether Brazil is fulfilling its promise to use these mega-events to promote sustainable urban development.

Table 2: Cost of Stadium Construction in 12 World Cup Cities

City	New / renovation	Stadium	Year	Original cap. x1000	Cost R\$ x million	2014 cap. x1000	Cost per seat R\$ x 1000
Belo Horizonte	Renovation*	Estádio Mineirão	1965	120	427	70	6.1
Brasília	New	Estádio Nacional	N/A	N/A	520	70	7.4
Cuiabá	New	Estádio Verdão	N/A	N/A	400	70	5.7
Cuitibá	Renovation*	Arena da Baixada	1999	32	254	41	6.2
Fortaleza	Renovation	Estádio Castelão	1973	110	300	53	5.7
Manaus	New	Arena Manaus	N/A	N/A	300	45	6.7
Natal	New	Arena das Dunas	N/A	N/A	300	45	6.7
Porto Alegre	Renovation*	Estádio Beira-Rio	1969	90	385	62	6.2
Recife	New	Arena Cidade da Copa	N/A	N/A	500	46	10.9
Rio de Janeiro	Renovation	Estádio Maracanã	1950	179	430	90	4.8
Salvador	Renovation	Estádio Fonte Nova	1951	110	400	55	7.3
São Paulo	Renovation	Estádio Morumbi	1960	120	136	62	2.2
Totals					4352	709	6.1

*indicates “undetermined cost” substituted with average price per seat data from Confederação Brasileira de Futebol

(Gaffney, 2010, p. 22)

The costs can be especially high for new stadia, many of which stand less of a chance of being used after the games, as with the R\$600 million stadium in Manaus—a city without a top-division soccer team (Borden, 2013). Its Arena Amazonia is likely to become an expensive white elephant with little use to justify the costs after the World Cup. (The state government has proposed converting it to a prison once the games pass—surely an expensive way to fund corrections facilities.) Image 1 shows the stadium far from complete in September 2013, less than a year before it must be operational for the World Cup.

Image 1: Arena Amazonia in September 2013 (Manaus, Brazil)



(Almeida, 2013)

Cost overruns can be attributed in part to project delays that are inevitable when doing business in Brazil. Capela, Cottle, and Furlan Meirinho (2013) allege that “construction cartels” collude to drive up the prices of government-funded construction projects in order to profit from public resources. They note that World Cup stadia built for South Africa, which has similar construction cartels, cost more than ten times the original estimates. They claim that the Brazilian forecast is no brighter, based on the present state of construction delays and cost overruns: as of May 2012, 41% of World Cup construction had not begun, and the cost of two stadia alone (Mané Garrincha Stadium in Brasília and Maracanã Stadium in Rio de Janeiro) have doubled since 2010, now exceeding the total projected cost of all stadia. Recent government policy may further incentivize these project delays: the federal government added an exceptionality status provision to its project-approval process in order to expedite the process. Construction companies now may be more likely to collude to raise their bidding prices, knowing that the urgency and legal loopholes will reduce suspicious inquiries (Capela, Cottle & Mairinho, 2013).

Brazil's corrupt institutions make it especially risky to inject large sums of money into construction projects. Brazil ranks 69th in Transparency International's 2012 Corruption Perceptions Index, with a score of 43 out of 100 (where 0 is highly corrupt). Gaffney said in an interview with Inside World Football: "The World Cup is a perfect storm of a problem. FIFA came with a top down approach into a system that was already inefficient, corrupt and wieldy. Mega events reach right into those channels" (as cited in Nicholson, 2013). Andreff (2006) agrees that the inflow of funds for sporting events can increase embezzlement and corruption in developing countries (p. 313). This leaves Brazil at an even greater risk of overspending, sidelining long-term infrastructure projects to focus on constructing the stadia required by FIFA, and blocking the benefits from accruing to the local populations.

Section 8: Brazilians' perception of intangible benefits

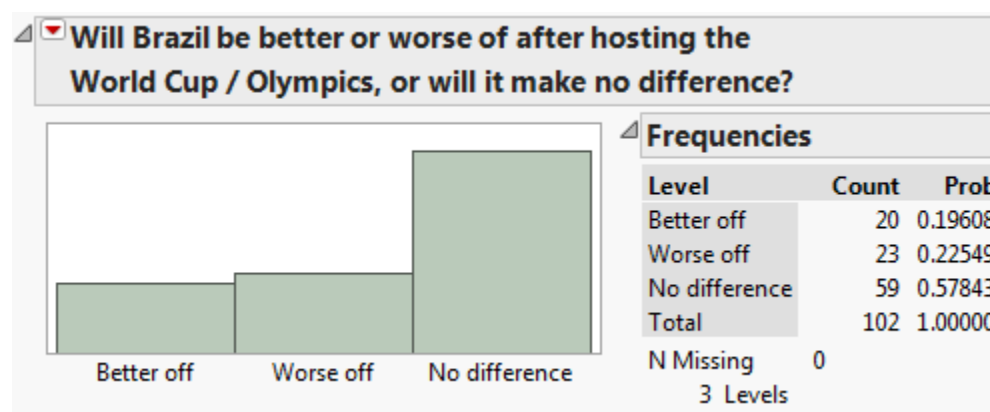
Given the strong reasons to doubt Brazilian boosters' claims about the positive economic and infrastructural effects of hosting the World Cup and Olympics, I test its final and most plausible claim: that the intangible, feel-good effect is enough to justify the costs. On the surface, existing opinion polls of Brazilians suggest that the country might indeed have a public relations problem that might be resolved by hosting mega-events. The Anholt GfK-Roper Nation and City Brands Indices, a poll measuring cities' and countries' international reputations, illuminates the chasm between Brazil's self-image versus its perception abroad. In 2009, Brazilian respondents ranked their country as the number one holiday destination (out of 50); in contrast, Americans ranked it 18th, Germans ranked it 16th, and the Japanese ranked it 27th. In the same nations index, Brazilians also rate their culture first, while Americans ranked it 17th, Germans ranked it 15th, and the Japanese ranked it 12th (Anholt, 2009). If Brazilians are aware of their less-than-stellar reputation among foreigners, then they might indeed value events that boost their country's image abroad, validating that reason for hosting mega-events. Still, if boosters' justification for hosting these costly events hinges on Brazilians valuing its intangible benefits, then assessing grassroots support requires more direct insight and nuanced analysis. To my knowledge, no prior survey has assessed citizens' views on these events.

Survey results

The survey responses reveal ambivalent attitudes towards the World Cup and Olympics, which become less favorable when respondents are provided with information about the cost of the event. Virtually no respondent answers affirmatively to questions of democratic participation in hosting the events, or to the willingness to pay question. In the

hypothetical CVM question, 95% of respondents would refuse to pay any money to keep the events in Brazil. Of the five who say they would pay, the average amount was R\$25.20; however, the vast majority who are unwilling to pay shrinks the median WTP to zero.

Figure 5: General ambivalence towards hosting



This seeming indifference to event hosting, and unwillingness to pay for it, makes sense in light of Brazil's notoriously poor social services—the focus of the June 2013 protests. Only 2 of 94 respondents, or 2%, prefer that the Brazilian government currently focus on games-related projects instead of social services; the decisive majority prioritizes improving social services. When asked what outcomes they would like to see from the World Cup or Olympics, most mention development projects (including better transportation and public safety and more investment in health and education) while few indicate a desire for improved stadia or more international exposure.

In a highly stratified society like Brazil's, public opinion likely falls along predictable demographic lines, and that seems to be the case with attitudes toward mega-events. Before cost is mentioned, support for hosting the World Cup or Olympics peaks among Recife residents, women, young people and middle-aged people, members of Class B (upper middle class), and those with more education. The most opposed groups are members of

Class C (lower-middle class) and individuals ages 30-44. Table 3 shows how public opinion divides along demographic groups.

Not surprisingly, after cost is mentioned, the overall respondent pool shows less support for hosting the World Cup or Olympics: the percentage that thinks the games are a good thing drops from 38.2 to 17.8 overall. When considering the price tag, support continues to peak among women, residents of Recife, the upper middle class, and those with Masters or PhD degrees. The most opposed groups are younger adults, the lower middle class, college graduates, and residents of Rio de Janeiro. (Table 3).

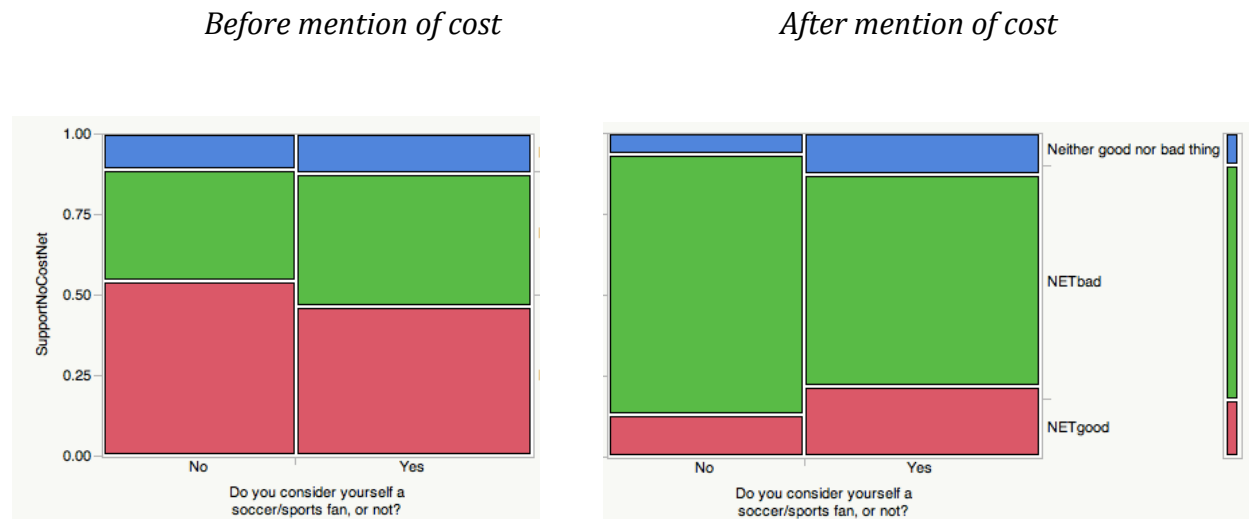
Table 3: Is hosting a good thing, bad thing, or neither? Before and after mentioning cost

Demographic (n)		Before cost is mentioned			After cost is mentioned		
		Good thing	Bad thing	Neither good nor bad thing	Good thing	Bad thing	Neither good nor bad thing
Gender	Male (45)	31.1	48.9	20.0	13.3	68.9	17.8
	Female (49, 48)	38.8	55.1	6.1	16.7	79.2	4.2
Age	18-29 (48, 47)	37.5	47.9	14.6	14.9	74.5	10.6
	30-44 (31)	25.8	64.5	9.7	12.9	80.7	6.5
	45-59 (13)	38.5	46.2	15.4	15.4	61.5	23.1
	60+ (2)	100	0	0	50	50	0
Social class	A (21, 20)	33.3	52.4	14.3	10.0	70.0	20.0
	B (42)	38.1	50.0	11.9	19.1	69.1	11.9
	C (23)	21.7	69.6	8.7	13.0	87.0	0
	D (3)	66.7	0	33.3	0	66.7	33.3
Education	Masters/PhD (27)	37.0	48.2	14.8	22.2	66.7	11.1
	Tertiary (58)	34.5	55.2	10.3	13.8	77.6	8.6
	Secondary (5, 4)	20.0	40.0	40.0	0	75.0	25.0
	Primary (1)	0	100	0	0	100	0
Location	Belém (7)	28.6	57.1	14.29	0	100.0	0
	Recife (18)	44.4	33.3	22.2	22.2	61.1	16.7
	Rio de Janeiro (12)	41.7	58.3	0	16.7	83.3	0
	São Paulo (29)	31.0	55.2	13.8	10.3	75.9	13.8
Average		38.2	50.0	11.8	17.8	72.3	10.0

Though support dropped or stayed the same among each demographic group when costs were mentioned, some groups revised their responses more in light of the information. When the games' cost is mentioned, those who think the games are a bad thing rises to 72.3% overall—an increase of 22.3 points. Young adults are especially sensitive to the news, revoking their support by 22.6% and increasing their negative views by 26.6%, perhaps because they are most outraged at the spending while public education remains substandard. Adults ages 30-59 respond least to the costs, along with the upper and middle classes and those who hold Masters or PhD degrees.

Another determinant of sensitivity to the cost of hosting may be whether or not one appreciates the sports that will be on display. Before mentioning cost, net support for the World Cup or Olympics (replying that it is a somewhat or very good thing) is 34.8% among non-sports fans and 41.1% among fans. When costs are mentioned, support drops among both groups, but more for non-sports fans (21.7 point decrease) than for fans (19.3 point decrease). While the p-value on the ChiSquare test for this comparison is too large (0.33) to claim statistical significance, there is a noticeable difference. Sports fans in this sample are more apt to believe these events are overall a good thing for Brazil, and while they are concerned about Brazil's spending to host them, the costs do not incite their opposition as much as they do for non-sports fans (Figure 8).

Figure 8: Comparison of support for hosting between fans and non-fans, before and after cost

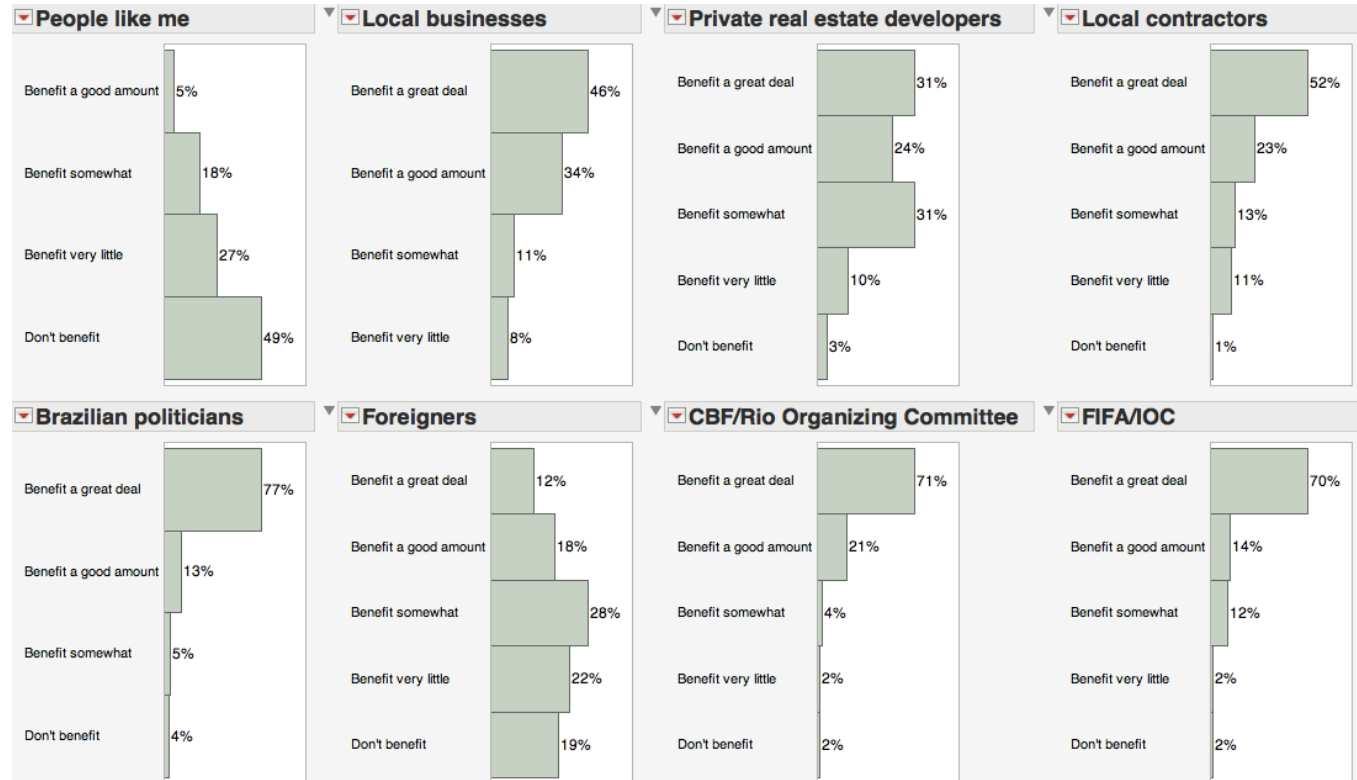


Sensitivity to supporting the events also relates to how much one follows media coverage of the preparations. Before costs are factored in, 54.2% of lower media-consumption respondents express low support for the games, while 37.1% support them. Opposition is slightly lower among the higher media-consumption group, at 47.8%, but support is about the same at 38.8%. The lower media-consumption group experiences that change of heart more than the higher group: disapproval rises 31.5% in the lower group when considering costs, but only 17.3% among the higher group. None of these results is statistically significant, but the discrepancies might suggest that the lower-media consumption groups learn the costs of hosting these games for the first time, prompting them to reconsider their support, whereas higher-media consumption individuals are more aware of the costs to begin with and therefore less swayed by their mention. Whereas members of the highest income level (Class A) have the largest proportion of respondents who follow news about the events a great deal (33.3%), the sample does not contain enough lower-class individuals to determine whether there is a connection between income level and following these events. In any case, the fact that less-informed

respondents disapprove of the events more strongly when they heard the cost estimates suggests that the government and event organizers might deliberately neglect to inform the public about the expenditures; perhaps they understand that transparency about costs will lose them support for hosting.

When asked how much they believed certain groups benefit from Brazil hosting the World Cup or Olympics, the perception of mega-events as a business venture shines through. 80% say local businesses benefit a good or great deal, while 75% say local contractors in construction benefit that much and 55% say the same for private real estate developers. Respondents reply even more adamantly when asked how much they believe the sports organizations benefit from hosting the events: 93% believe local sports interests (CBF or the Rio Organizing Committee) benefit a good or great deal, and 84% believe that FIFA or the IOC benefit a lot from Brazil hosting these events. Reflecting common criticisms of Brazil's corrupt political system, 90% believe Brazilian politicians benefit a good or great deal. Interestingly but not surprisingly, ordinary citizens ("people like me") rank as the lowest beneficiaries by far: 49% report that they will not personally benefit at all; additionally, not a single respondent reports that ordinary citizens will benefit a great deal—unique among all the groups mentioned. Among those who do feel they would personally benefit at least somewhat from Brazil hosting the events, 61.9% believe that the country is generally going in the right direction, compared with 18.7% who do not believe they personally benefit from the games but agree that the country is on the correct path. This suggests that individuals perceive themselves to gain personally from the events—a sign of feeling included in a greater national project—only if they believe that the country's advancement is positive. Figure 9 compares the perceived benefits by stakeholder group.

Figure 9: Brazilians' perceptions of which groups benefit and by how much



Content analysis: public discourse in letters to the editor

The letters to the editor published in *Folha de S. Paulo* similarly reveal low levels of support for hosting the World Cup and Olympics. Of the 55 relevant LTEs analyzed in this project, only 12 (22%) express resounding support for hosting either event. Table 5 shows the aggregated attitudes expressed in these LTEs, for the three time periods. In each window, critical opinions outnumber supportive ones—an overwhelming 15 out of 17 (88%) letters published around the Confederations Cup criticized hosting the events. While that window represents the most discontent toward mega-events in the letters section, the tone was negative from the beginning: critical letters exceeded supportive ones six to four when the World Cup bid was awarded, and 11 to six for the Olympic bid. Though the

criticism only became more severe, the supposedly resounding support seems to have been absent all along.

Table 4: Attitudes toward mega-events in Folha de S. Paulo's letters to the editor

<i>LTE opinions: # (% of total)</i>						
Event	Event date	Time frame	# LTEs	Supportive	Critical	Mixed
Brazil announced as World Cup 2014 host	10/31/2007	9/19/2007-1/11/2008	12	4 (33%)	6 (50%)	2 (17%)
Olympic bid awarded to Brazil	10/2/2009	8/8/2009-11/13/2009	26	6 (23%)	11 (42%)	9 (35%)
FIFA Confederations Cup	6/6/2013 (first game)	5/5/2013-7/27/2013	17	2 (12%)	15 (88%)	0 (0%)
<i>Total</i>		9/19/2007-7/27/2013	55	12 (22%)	32 (58%)	11 (20%)

For the most part, the supportive LTEs echoed boosters' grandiose claims about enhancing Brazil's international standing and promoting a culture of sport. Shortly after Rio won the Olympic bid, letter-writer Sandra Orietta Beltrán Baeza wrote October 6, 2009: "Congratulations to Rio and the Brazilian government ... for Brazil, this win demonstrates its great ability to lead and is further proof of Brazilian international prominence." The language of national pride, bold leadership, and global standing match the government's claims about the intangible benefits of hosting these events. Citizens like this letter-writer expect strong non-pecuniary benefits from the events. But again, these Brazilians seem to be in the minority of letter-writers: just over a fifth of letters analyzed in this project expressed that they personally valued Brazil hosting the events.

Positive views in the letters section were drowned out by the 58% of LTEs that expressed criticism of hosting the events. Most of those arguments, which ranged from

mild discontent to proposals to cancel the games, attacked the high cost of hosting and highlighted the absurdity of that spending in the midst of poverty and inadequate health services. Claudir Joseph Mandelli wrote on October 31, 2007: "I have nothing against sports events, but in my values scale, football is not that important. I'd like the priority to be on health, education and infrastructure ... I don't understand why ... to health centers, schools, basic sanitation, the answer is 'we have no money.'" Other letters, like that of Eni Maria Martin de Carvalho published October 13, 2009, adopted antagonistic tones: "The same white handkerchief that wiped the emotional tears of our president to learn that Rio de Janeiro was chosen to host the 2016 Olympics should now serve to contain tears of shame to see that Brazil remains in the 75th place in the Human Development Index." Still other letter-writers protested that these events—especially the World Cup—would reinforce unhelpful stereotypes abroad about Brazilians as soccer-obsessed, and in a way unserious, people.

The 9 mixed arguments were classified as so because any support was tempered by significant reservations. Several writers, for example, maintained that the Olympics will be beneficial for Rio, but lamented that the rest of the country will pay the bill, and for little value elsewhere. For example, Luciano Walnut Marmontel wrote October 6, 2009: "The victory of Rio to host the 2016 Olympic Games may be good news for Rio residents, who will once again receive hefty public investments. But I doubt that the rest of Brazil, which will have to bankroll the party, will gain anything with all this." Other conflicted letter-writers praised the improvements that have accompanied the preparations, but lamented that large-scale events were necessary to prompt those changes. December 2, 2007, Luiz Antonio Pereira de Souza wrote: "In the country of football, [a World Cup is necessary so

that] our authorities take some action related to the precarious conditions of our sporting infrastructure, especially our football stadiums. What country is this?" The writer expressed more interest in the sports themselves than critical letter-writers, but his views do not constitute true support for hosting.

As with the survey data, an analysis of a sample of *Folha de S. Paulo's* letters-to-the-editor suggest that the public sentiment among Brazilians has been mostly critical of hosting the events, and that the predominant view denounces high levels of spending. Aside from the minority that adopted nationalistic rhetoric and seemed pleased to host the events, most letters doubted that the benefits of hosting would penetrate their everyday lives while the government neglected critical social services.

Section 7: Conclusions and recommendations

My analysis has shown that hosting the World Cup and Olympics is unlikely to provide Brazil with an economic boost or a useful infrastructural impetus, and the events fail to sway Brazilian citizens as tools of public propaganda. My survey results demonstrate that while Brazilians do not strongly oppose hosting these events, they also perceive only minimal positive value—far from the resounding popular mandate that boosters claim to possess when they lobby to bid for such events. The abysmal state of Brazil's social services put citizens' indifference into perspective: their apathy turns to aggravation when confronted with the opportunity cost of hosting these events. A content analysis of letters to the editor also revealed outrage that the government spends on mega-events while neglecting essential social services. Part of this frustration may stem from a sense that even if the events will bring some benefits, ordinary Brazilians will not be the ones to reap them. Though Brazilians danced on the streets when the successful bids were announced, cheer soon gave way to disappointment. Boosters may claim that hosting mega-events is hard medicine to swallow, but necessary for improving Brazil's international image. Yet hosting events may have the reverse effect: it is difficult to imagine how Brazil can mask its own citizens' dissatisfaction in order to achieve approval abroad.

Rather than explain why Brazil wanted to host these events, the negative forecast and local suspicion raises new questions for scholars to address. We must ask how the powers-that-be in the Brazilian political sphere and international sporting organizations have managed to secure enormous public subsidies for projects whose public support they never had to prove—most likely because they could not have done so. Such opacity seems unthinkable in an age when transparency is seen as a prerequisite to participating in the

global economy and social media demands greater government accountability. These questions have bearings not only to ensure that Brazil manages its upcoming mega-events responsibly and with consideration for the long-term public interest, but also for future sporting events around the world. The lessons of local discontent and languishing promises should prove to future hosts that mega-events are a powerful, double-edged sword rather than a surefire panacea and marketing tool.

Bibliography

- Almeida, L.D. (Photographer). (2013). *World Cup Stadium in the Amazon* [Photograph], Retrieved November 12, 2013, from: <http://www.nytimes.com/2013/09/25/sports/soccer/in-building-world-cup-stadium-in-amazon-rain-is-just-one-challenge.html>
- Anholt, S. (2009). *Nation Brands Index*. GfK Roper Nation Brands Index. Retrieved from <http://www.simonanholt.com/Research/research-introduction.aspx>
- Andreff, W. (2006). Sport in Developing Countries. In W. Andreff & S. Szymanski (Eds.), *Handbook on the Economics of Sport* (pp. 307-313). Cheltenham, UK: Edward Elgar.
- Baade, R. (2006). The Economic Impact of Mega-Sporting Events. In W. Andreff & S. Szymanski (Eds.), *Handbook on the Economics of Sport* (pp. 177-182). Cheltenham, UK: Edward Elgar.
- Baade, R. & Matheson, V. (2003). Bidding for the Olympics: Fool's Gold? In C. Barros, M. Ibrahim, & S. Szymanski (Eds.), *Transatlantic Sport* (pp. 127-151). London: Edward Elgar.
- Baade, R. & Matheson, V. (2004). Mega-Sporting Events in Developing Nations: Laying the Way to Prosperity? *South African Journal of Economics* 72(5), 1085-96.
- Barclay, J. (2009). Predicting the Costs and Benefits of Mega-Sporting Events: Misjudgment of Olympic Proportions? *Economic Affairs* 29(2), 62-66.
- Barget, E., & Gouguet, J.J. (2006). Sporting Externalities. In W. Andreff & S. Szymanski (Eds.), *Handbook on the Economics of Sport* (pp. 168-176). Cheltenham, UK: Edward Elgar.
- Beltrán Baeza, S. O. B. (2009, August 6). Rio-2016 [Letter to the Editor]. *Folha de S. Paulo*. Retrieved from <http://www.folha.uol.com.br/>
- Bohlmann, H. R., & Van Heerden, J. H. (2008). Predicting the Economic Impact of the 2010 FIFA World Cup on South Africa. *International Journal of Sport Management and Marketing* 3(4), 383-96.
- Boykoff, J., & Gaffney, C. (2013, September 14). Brazil's Olympic-sized problems. *Al Jazeera*. Retrieved from <http://www.aljazeera.com/indepth/opinion/2013/09/201391111227544359.html>
- Borden, S. (2013, September 24). Building a World Cup Stadium in the Amazon. *New York Times*. Retrieved from <http://www.nytimes.com/>
- Boyle, M. (1999). Growth Machines and Propaganda Projects: A Review of Readings of the Role of Civic Boosterism in the Politics of Local Economic Development. In D. Wilson & A.E.G. Jonas (Eds.), *The Urban Growth Machine* (pp. 55-70). Albany: SUNY Press
- Brazil Bid: Inspection Report for the 2014 FIFA World Cup*. (2007). Retrieved from http://www.fifa.com/mm/document/affederation/mission/62/24/78/inspectionreport_e_24841.pdf
- Brazil will once again host this tournament*. Retrieved from Brazilian government, World Cup Portal website: <http://www.copa2014.gov.br/en/brasilecopa/sobreacopa/acopa-de-2014>
- Brunet, F. (2005): The economic impact of the Barcelona Olympic Games, 1986-2004: Barcelona: the legacy of the Games, 1992-2002. Barcelona: Centre d'Estudis Olímpics UAB.
- Capela, P., Cottle, E., & Furlan Meirinho, A.. (2013, September 11). Lesson from South Africa:

- Are Construction Cartels Dramatically Increasing Brazil 2014 FIFA World Cup Infrastructure Costs? *Monthly Review*. Retrieved from <http://mrzine.monthlyreview.org/>
- Central Intelligence Agency. (n.d.) *The World Factbook 2013-14*. Retrieved from <https://www.cia.gov/library/publications/the-world-factbook/index.html>
- Neri, M.C., & Coutinho de Melo, L.C. (2009, September 21). Consumers, Producers and the New Middle Class: Poverty, Inequality and the Determinants of Class. *Fundação Getulio Vargas*. Retrieved from <http://portal.fgv.br/en>
- Curi, M., Knijnik, J., & Mascarenhas, G. (2011). The Pan American Games in Rio de Janeiro 2007: Consequences of a sport mega-event on a BRIC country. *International Review for the Sociology of Sport*, 46, 140-156.
- Downie, A. (2011, September 16). Rio 2016: Is Brazil Going to Be Ready for the Olympics? *TIME*. Retrieved from <http://www.time.com/time/>
- Dwinger, F. (2010, July 2). Hosting the FIFA World Cup: Lessons from South Korea. *Consultancy Africa Intelligence*. Retrieved from <http://www.consultancyafrica.com/>
- Engerman, S. (2012). Hosting the Olympics and the World Cup: What Price Prestige? *ReVista*. Retrieved from <http://www.drclas.harvard.edu/publications/revistaonline/>
- Frequently Asked Questions*. Retrieved from Rio 2016 Organising Committee website: <http://www.rio2016.com/en/organising-committee/frequently-asked-questions>
- Feddersen, A., Maennig, W., & Zimmermann, P. (2007). How to Win the Olympic Games – The Empirics of Key Success Factors of Olympic Bids. *International Association of Sports & North American Association of Sports Economists*.
- FIFA. (2011). *Football Stadiums: Technical recommendations and requirements - 5th Edition*. Retrieved from http://www.fifa.com/mm/document/tournament/competition/01/37/17/76/stadiumbook2010_buch.pdf
- Flyvbjerg, B., & Stewart, A. (2012). Olympic Proportions: Cost and Cost Overrun at the Olympics 1960-2012. [Abstract]. *Saïd Business School Working Papers*, 23.
- Fowler, G., & Meichtry, S. (2008, July 16). China Counts the Cost of Hosting the Olympics. *Wall Street Journal*. Retrieved from <http://online.wsj.com/home-page>
- Gaffney, C. (2008). *Temples of the Earthbound Gods: Stadiums in the Cultural Landscapes of Rio de Janeiro and Buenos Aires*. Austin, TX: University of Texas Press.
- Gaffney, C. (2010). Mega-events and socio-spatial dynamics in Rio de Janeiro, 1919-2016. *Journal of Latin American Geography*, 9(1): 7-29.
- Gatopoulos, D. (2010, June 3). Greek Financial Crisis: Did 2004 Athens Olympics Spark Problems in Greece? *Huffington Post*. Retrieved from <http://www.huffingtonpost.com/>
- Givhan, R., & Shipley, A. (2009, October 3). U.S. Loses Olympics Bid. *Washington Post*. Retrieved from <http://www.washingtonpost.com/>
- Goldblatt, D. (2010, June 4). Footing South Africa's World Cup Bill. *BBC News*. Retrieved from <http://www.bbc.co.uk/news/>
- Herscovitz, H. (2004). Brazilian Journalists' Perceptions of Media Roles, Ethics and Foreign Influences on Brazilian Journalism. *Journalism Studies*, 5(1), 71-86.

- Hautbois, C., Parent, M.M., & Séguin, B. (2012). How to win a bid for major sporting events? A stakeholder analysis of the 2018 Olympic Winter Games French bid." *Sport Management Review*, 15(3), 263–275.
- Heyne, M., Maennig, W., & Suessmuth, B. (2007). Mega-Sporting Events as Experience Goods. *Hamburg Contemporary Economic Discussions* 5, 1-7.
- Horne, J., & Manzenreiter, W. (2006). An Introduction to the Sociology of Sports Mega-Events1. *The Sociological Review*, 54, 1-24.
- Human Development Index. (2012). United Nations Development Project. Retrieved from <http://hdr.undp.org/en/statistics/hdi/>
- Hummel, C. (2013, April 30). The World Cup Will Not Drive Brazil's Growth. Retrieved from <http://beta.fool.com/callamarie/2012/12/20/public-policy-not-games-should-drive-brazil-bulls/19324/>
- Hughson, J., and Kohe, G.Z. (2011). Get into the 'Groove': Travelling Otago's Super-Region. In M. Sam & J. Hughson (Eds.), *Sport in the City: Cultural Connections* (pp. 136-150). London: Routledge.
- Jinxia, D., & Mangan, J. A.. (2008). Beijing Olympic Legacies: Certain Intentions and Certain and Uncertain Outcomes." *The International Journal of the History of Sport*, 25(14), 2019-2040.
- Johnson, B., Groothius, P., & Whitehead, J. (2001). The Value of Public Goods Generated by a Major League Sports Team: The CVM Approach. *Journal of Sports Economics*, 2(1), 6-21.
- LA84 Foundation. (2013). *Official Olympic Reports*. Retrieved from <http://www.la84.org/>
- Latinobarómetro Database. (2011). Retrieved from <http://www.latinobarometro.org/lat.jsp>
- Mandelli, C. J. (2007, October 31). Copa 2014 [Letter to the Editor]. *Folha de S. Paulo*. Retrieved from <http://www.folha.uol.com.br/>
- Marmontel, L. W. (2009, October 6). Rio-2016 [Letter to the Editor]. *Folha de S. Paulo*. Retrieved from <http://www.folha.uol.com.br/>
- Martin de Carvalho, E.M. (2009, October 13). Olimpíada e IDH [Letter to the Editor]. *Folha de S. Paulo*. Retrieved from <http://www.folha.uol.com.br/>
- Nauright, J. (2004). Global Games: Culture, Political Economy and Sport in the Globalised World of the 21st Century. *Third World Quarterly*, 25(7), 1325-36.
- Nicholson, P. (2013, October 15). Is there a future for mega events? *Inside World Football*. Retrieved from <http://www.insideworldfootball.com/>
- Nielsen, R. K. (2010). Participation Through Letters to the Editor: Circulation Considerations, and Genres in the Letters Institution. *Journalism*, 11(1), 21-35.
- Owen, J.G. (2005). Estimating the Cost and Benefit of Hosting Olympic Games: What Can Beijing Expect from Its 2008 Games? *The Industrial Geographer*, 3(1), 1-18.
- Pereira de Souza, L. A. (2007, December 2). Copa 2014 [Letter to the Editor]. *Folha de S. Paulo*. Retrieved from <http://www.folha.uol.com.br/>
- Preuss, H. (2004). *The Economics of Staging the Olympics*. Cheltenham, UK: Edward Elgar.
- Romero, S. (2013, June 19). Brazil's Leftist Ruling Party, Born of Protests, is Perplexed by Revolt. *New York Times*. Retrieved from <http://www.nytimes.com/>
- Rose, A., & Spiegel, M. (2011). The Olympic Effect. *The Economic Journal*, 121, 652-677.
- Transparency International. (2013). *Corruption Perceptions Index*. Retrieved from

- <http://cpi.transparency.org/cpi2013/results/>
- Trevisani, P., & Winterstein, P. (2013, August 12). Brazil Delays High-Speed Train Project. *Wall Street Journal*. Retrieved from <http://online.wsj.com/home-page>
- Wahl-Jorgensen, K. (2001). Letters to the Editor as a Forum for Public Deliberation: Modes of Publicity and Democratic Debate. *Critical Studies in Media Communication*, 18(3), 303-320.
- Waitt, G. (2011). The Olympic Spirit and Civic Boosterism: the Sydney 2000 Olympics. *Tourism Geographies*, 3(3), 249-278.
- World Bank. (2012). *World Development Indicators*. Retrieved from <http://data.worldbank.org/data-catalog/world-development-indicators/wdi-2012>
- Zhang, Y., & Zhao, K. (2007). Impact of Beijing Olympic-Related Investments on Regional Economic Growth of China: Interregional Input–Output Approach. *Asian Economic Journal*, 21(3), 261-82.
- Zimbalist, A. (2011). Brazil World Cup Olympics Finances - Brazilian Infrastructure Olympics and World Cup Impact. *Americas Quarterly*.
- Zimbalist, A. (2011). Economic Impact of the Olympic Games. *The New Palgrave Dictionary of Economics*, 1-15.
- Zimbalist, A. (2011). Going for the Gold: The Financing and Economic Impact of the Olympic Games. In A. Zimbalist (Ed.), *Circling the Bases: Essays on the Challenges and Prospects of the Sports Industry* (116-145). Philadelphia: Temple University Press.

Appendix A: Questionnaire

(Note: this format aggregates questions asked on separate World Cup and Olympics surveys)

1) Would you like to take this survey in English or Portuguese?

English

Portuguese

2) Are you Brazilian, or not?

Yes

No

3) Generally speaking, do you feel that things in Brazil are going in the right direction, or do you feel things have gotten pretty seriously off on the wrong track?

Right direction

Wrong track

4) Do you consider yourself a soccer / sports fan, or not?

Yes

No

5) Have you followed the news about Brazil / Rio de Janeiro hosting the 2014 FIFA World Cup / 2016 Summer Olympics? If so, how much have you paid attention to it?

Not at all

Very little

Just some

A good amount

A great deal

6) Overall, do you think hosting the World Cup / Olympics is a good or bad thing for Brazil, and to what extent?

Very good thing

Neither good nor bad thing

Very bad thing

Somewhat good thing

Somewhat bad thing

7) Experts project that the World Cup / Olympics will cost about R\$ 6.7 billion / R\$ 7.2 billion plus R\$23.2 billion in infrastructure, all largely funded by Brazilian taxpayers. Now considering those costs, do you think it is a good or bad thing for Brazil to host them, and to what extent?

Very good thing

Neither good nor bad

Very bad thing

Somewhat good thing

Somewhat bad thing

8) Do you think the World Cup / Olympics will showcase the best aspects of Brazilian society, reveal its worst parts, do neither, or do both?

Showcase best aspects

Reveal worst parts

Neither

Both

9) Try to think ahead to a few years after Rio hosts the Olympics / Brazil hosts the World Cup (say, 2018 / 2020 and beyond). Will Brazil be better or worse off from having hosted it, or will it have made no difference either way?

Better off

Worse off

No difference

10) Were you satisfied or unsatisfied with how Brazil hosted the FIFA Confederations Cup?⁹

Satisfied

Unsatisfied

No opinion

11) For each group I name, please indicate how much you believe they benefit from Brazil hosting the World Cup Olympics:

	Don't benefit	Benefit very little	Benefit somewhat	Benefit a good amount	Benefit a great deal
People like me – ordinary citizens					
Local businesses in the tourism sector (ie. hotels and restaurants)					
Private real estate developers					
Local contractors in the construction industry					
Brazilian politicians					
Foreigners					
Rio 2016 Olympic Organizing Committee					
The International Olympic Committee					
Confederação Brasileira de Futebol (CBF)					
FIFA					
Other _____					

12) Have you had the opportunity to publically voice your opinions on the World Cup / Olympics, or not? For example, did a political representative ask for your input, did you

⁹ Asked only in World Cup Survey

have the opportunity to attend a community meeting on the matter, or did officials contact you to ask what you think? If so, what did they ask?

☐ Yes, have had opportunity

- If yes, please explain (what was the event, who hosted it, what were you asked?)

☐ No, have not had this opportunity

13) Suppose that shortly before the beginning of the World Cup finals / Olympic closing ceremonies, severe doubts on security issues with regard to stadium construction and potential criminal activity are raised. Therefore, FIFA / the International Organizing Committee wants to relocate the closing ceremony / cup finals to a city in another country with better infrastructure that is more prepared to stage the matches. There is still a chance that the tournament will take place in Brazil / Rio de Janeiro, but only if a series of costly safety measures are adopted. However, these previously unplanned measures can only be financed with immediate voluntary contributions from the population. Would you personally be willing to contribute some of your own money to ensure the finals can be hosted in your home country? If so, how much would you give? Note that Brazil / Rio cannot host the event if you contribute nothing.

Would not contribute

Would contribute R\$ ____

14) Which possible outcomes of the World Cup / Olympics would you like to see the most? Examples include transportation projects, jobs, better roads and airports, or a better perception of Brazil internationally.

15) Which would you like the Brazilian government to focus on right now: World Cup / Olympic-related projects like the one(s) you mentioned in your previous answer, or social services (such as improving health and education)?

World Cup / Olympic-related projects

Social services

16) What is your gender?

Male Female Prefer not to say

17) What is your age group?

0-17 18-29 30-44 45-59 65+ Prefer not to say

18) What is your Brazilian social class?

Class A Class C Class E Prefer not to say
Class B Class D

19) What is the highest level of education you have attained?

Primary Tertiary
Secondary Masters / PhD

20) Which city in Brazil are you from?
